

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 OIC-02 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

H-01 L-02 SS-15 NSC-05 AF-06 ARA-06 XMB-02 FEA-01

FTC-01 TAR-01 /116 W

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R 072052Z FEB 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5346

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DEPT PASS TREASURY FOR GRIFFIN

E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: SPECIAL SESSION OF INVISIBLES COMMITTEE
ON INWARD DIRECT INVESTMENT

REFS: (A) OECD PARIS 01919, (B) DAF/INV/75.10

1. SUMMARY: OECD SECRETARIAT HAS CIRCULATED PROPOSED DRAFT NOTE (REF B) CONTAINING QUESTIONNAIRE AND INSTRUCTIONS PERTAINING TO SUBJECT MEETING WITH NATIONAL EXPERTS. MEETING IS INTENDED TO FOCUS ON FACTUAL SITUATION AND CURRENT AD HOC OR DE JURA GOVERNMENT TREATMENT OF INWARD DIRECT INVESTMENT. IT IS NOT ENVISAGED AS PLACE FOR DISCUSSION OR NEGOTIATION ON APPROPRIATENESS OF COUNTRY POLICIES TOWARD TREATMENT OF INWARD DIRECT INVESTMENT. MISSION REQUESTS RESPONSE TO PARA 6 BEFORE FEBRUARY 24, 1975. END SUMMARY.

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2. REF (B) CONTAINS PROPOSED SET OF QUESTIONS TO WHICH

SPECIAL SESSION EXPERTS ARE REQUESTED TO SUBMIT ANSWERS
TO SECRETARIAT:

A. UP-TO-DATE INFORMATION AND DOCUMENTATION ON THE
FOLLOWING POINTS AND IN PARTICULAR ON ANY
CHANGES INTRODUCED SINCE MARCH 1974:

- (I) GENERAL OFFICIAL POLICY AND THE UNDERLYING
PRINCIPLES (WITH, WHERE AVAILABLE, COPIES
OF PUBLIC ANNOUNCEMENTS ON THE MATTER);
- (II) REGULATIONS AND PROCEDURES (WITH, IF
POSSIBLE, COPIES OF TEXTS OF LAWS AND
REGULATIONS); AND
- (III) THE APPLICATION OF EXISTING REGULATIONS.

B. FIGURES FOR 1973 AND 1974 ON

- (I) AMOUNT OF INVESTMENT (TOTAL AND, IF
POSSIBLE, BY COUNTRIES; AND
 - (II) AMOUNTS TRANSFERRED ABROAD BY WAY OF
DIRECT INVESTMENTS (THE TOTAL VOLUME AND,
IF POSSIBLE, BY COUNTRIES).
- (WHEREVER POSSIBLE THE SAME SERIES SHOULD BE
USED AS ON EARLIER OCCASIONS.)

3. REF (B) ALSO CONTAINS SECTION ON OPEC INVESTMENTS,
IN WHICH THE FOLLOWING QUERIES ARE MADE:

A. THE FACTS:

- (I) HOW MUCH OPEC INVESTMENT HAS TAKEN PLACE OR
IS BEING NEGOTIATED?
- (II) ARE THERE AREAS OF SPECIAL INTEREST TO OPEC
INVESTORS? HAS A POLICY PATTERN EMERGED?
- (III) WHAT HAS BEEN THE REACTION OF THE
AUTHORITIES AND OF PUBLIC OPINION?

B. THE PROBLEM:

- (I) SHOULD OPEC INVESTMENT BE TREATED
DIFFERENTLY FROM DIRECT INVESTMENT FROM
MEMBER COUNTRIES DESPITE THE RECOMMENDATION
CONTAINED IN ARTICLE 1(D) OF THE CODE OF
LIBERALISATION OF CAPITAL MOVEMENTS?
- (II) WHAT ARE THE REASONS FOR ANY DIFFERENTIAL-
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TION?

- (III) WHAT CRITERIA ARE APPLIED?
- (IV) DO THE REASONS AND CRITERIA APPLY GENERALLY
OR ONLY WITHIN CERTAIN SECTORS?

C. TECHNIQUES:

- (I) DO MEMBER COUNTRIES WITH EXISTING CONTROL
PROCEDURES CONSIDER THE REMARK (II) TO

THE INWARD DIRECT INVESTMENT ITEM I/A
GIVES THEM SUFFICIENT DISCRETION TO REFUSE
AUTHORIZATION FOR OPEC INVESTMENT IN
CERTAIN CASES WHERE A COMPARABLE INVESTMENT
FROM ANOTHER MEMBER COUNTRY WOULD HAVE BEEN
ADMITTED?

(II) WHAT STEPS ARE MEMBER COUNTRIES WITHOUT

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EXISTING CONTROL PROCEDURES ENVISAGING TO
RECORD AND TO SCREEN OPEC INVESTMENT?

D. ORIGIN

HOW DO MEMBER COUNTRIES IDENTIFY THE
ULTIMATE INVESTOR IN CASES WHERE HOLDING
COMPANIES, FINANCE ENTERPRISES OR SIMILAR
INTERMEDIARIES IN OTHER MEMBER COUNTRIES
ARE USED AS CHANNELS IN ORDER TO HIDE THE
INVESTOR'S IDENTITY?

4. WITH RESPECT TO OPEC INVESTMENTS, REF B CONTAINS THE FOLLOWING EXPLANATORY NOTE: "OPEC INVESTMENTS ARE OF COURSE CURRENTLY DISCUSSED ALSO IN OTHER BODIES OF THE ORGANISATION WITH PARTICULAR REFERENCE TO INTERNATIONAL INVESTMENT AS WELL AS TO ENERGY QUESTIONS. THE WORK OF THE COMMITTEE FOR INVISIBLE TRANSACTIONS IS THEREFORE LIKELY TO FORM PART OF A BROADER EXERCISE, AND ITS RESULTS WILL BE TAKEN INTO ACCOUNT BY OTHER BODIES."

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5. INVISIBLES COMMITTEE WILL REVIEW REF (B) ON FEBRUARY 24, 1975. FINAL EDITION WILL THEN BE CIRCULATED TO EXPERTS IN EXPECTATION THAT LATTER WOULD SUBMIT RESPONSES TO QUESTIONS BY APRIL 7. SECRETARIAT WOULD THEN DRAFT REPORT BASED ON THESE RESPONSES FOR CIRCULATION TO ALL DELEGATIONS PRIOR TO SPECIAL SESSION APRIL 23-24, 1975.

6. LONG LEAD TIME FOR PREPARATION OF QUESTIONNAIRE AND SUBMISSION OF EXPERT RESPONSES INTENDED TO GIVE CAPITALS SUFFICIENT TIME TO PREPARE IN-DEPTH FACTUAL MATERIALS FOR SUBMISSION TO SECRETARIAT AND SUBSEQUENT DISCUSSION BY NATIONAL EXPERTS.

ACTION REQUESTED: MISSION REQUESTS INSTRUCTIONS ON CONTENTS REF (B) IN TIME TO SUBMIT ANY DESIRED AMENDMENTS TO SECRETARIAT BEFORE NEXT MEETING OF INVISIBLES COMMITTEE ON FEBRUARY 26, 1975.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, INVESTMENTS, COMMITTEE MEETINGS, NEGOTIATIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP03456
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750046-0338
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750262/aaaacdyv.tel
Line Count: 204
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 OECD PARIS 01919, 75 DAF/INV/75
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by ifshinsr>; APPROVED <14 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPECIAL SESSION OF INVISIBLES COMMITTEE ON INWARD DIRECT INVESTMENT
TAGS: EFIN, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006